

Decision **DRAFT DECISION OF ALJ McVICAR** (Mailed 5/19/2003)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of the California-American Water Company (U210W) for an Order Authorizing it to Increase its Rates for Water Service in its Monterey Division to Increase Revenues by \$5,725,300 or 22.47% in the Year 2003; \$1,772,100 or 6.94% in the Year 2004; and \$996,500 or 3.02% in the Year 2005.

Application 02-04-022  
(Filed April 15, 2002;  
petition to modify  
March 13, 2003)

**ORDER MODIFYING DECISION 03-02-030**

**Summary**

California-American Water Company's (CalAm) petition for modification of Decision (D.) 03-02-030 is granted. Appendices E, F, and G are added to the decision, confirming figures used to establish Monterey Division's adopted general office expenses for test years 2003 and 2004. This proceeding is closed.

**Discussion**

D.03-02-030 is the most recent general rate case (GRC) decision for CalAm's Monterey Division. The decision established Monterey Division's revenue requirement for test years 2003 and 2004 and attrition year 2005, including CalAm's general office allocations to Monterey Division for test years 2003 and 2004. By this petition for modification, CalAm asks the Commission to add three additional appendices to D.03-02-030: General Office Allocations; General Office Expenses for 2003 and 2004; and Total General Office Expenses and Allocations for 2003 and 2004. Granting CalAm's request would not change

the outcome of the proceeding in any way other than to include in the decision additional figures related to general office, most of which already underlie the previously adopted outcome. CalAm states that it worked closely with the Commission's Water Division<sup>1</sup> in developing these tables, and that they have been reviewed and approved by the Office of Ratepayer Advocates, one of four other parties to the proceeding. No party has filed a response to the petition and we are not aware of any opposition to granting CalAm's request.

We will grant the request. Added Appendices E, F, and G reflect the general office amounts used to establish Monterey Division's test year 2003, test year 2004, and attrition year 2005 revenue requirements. Considering the changes expected in CalAm's general office operations following CalAm's acquisition in 2002 of the assets of Citizens Utilities Company of California, and American Water Works Company's recent acquisition by RWE Aktiengesellschaft, Thames Water Acqua Holdings GmbH after this proceeding was submitted, the figures in Appendices E, F, and G may or may not be appropriate for use in future GRCs for CalAm's other districts. Whether to take notice of and use them is a determination to be made based on the record developed in those future rate proceedings.

As CalAm's petition suggests, we will add a reference to the new appendices in the first paragraph of the General Office section on page 21 of the decision. The added decision text is shown in underline below:

CalAm's general office expenses are typically presented for Commission examination every three years with its Monterey

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<sup>1</sup> CalAm's petition for modification refers to Water Branch, which from informal clarification we understand to mean Water Division.

Division GRC. After determining the allowable general office expenses and investments, the results are then spread to all of the affected operating districts as expense amounts. CalAm and ORA agree on many general office figures; their remaining differences are explained here. The general office allocations are shown in Appendix E. The general office expenses are shown in Appendix F. The total general office expenses and allocations are shown in Appendix G.

### **Comments on Draft Decision**

The draft decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. CalAm filed comments; there were no other comments or replies.

The draft decision proposed to deny that part of CalAm's petition that would add to D.03-02-030 an appendix setting forth general office allocations for 2003, 2004, and 2005, principally because the figures presented in the petition were not in the proceeding record. CalAm's comments acknowledged that it had attached the wrong document to its petition, and substituted a new document. Those new figures (Appendix E in Attachment 1 to this decision) are indeed part of the evidentiary record in Application 02-04-022, and the allocations relating to Monterey Division were used to determine the outcome set forth in D.03-02-030. CalAm represents (and ORA informally acknowledges) that ORA agrees that the Appendix E figures are correct and appropriate to include in D.03-02-030. This decision has been revised accordingly.

### **Assignment of Proceeding**

Michael Peevey is the Assigned Commissioner and James McVicar is the assigned ALJ in this proceeding.

**Findings of Fact**

1. Proposed Appendices E, F, and G set forth in Attachment 1 to this order reflect underlying figures needed and used to calculate the D.03-02-030 adopted revenue requirements for 2003, 2004, and 2005 for CalAm's Monterey Division. All of the figures in Attachment 1 are part of the evidentiary record in the proceeding.

2. No party filed a response to CalAm's petition for modification, and there is no known opposition to granting CalAm's request.

**Conclusions of Law**

1. CalAm's petition for modification should be granted.
2. For administrative efficiency, this order should be effective immediately.

**O R D E R****IT IS ORDERED** that:

1. California-American Water Company's petition for modification of Decision (D.) 03-02-030 is granted.
2. D.03-02-030 is amended to add new Appendices E, F, and G, included as Attachment 1 to this order.
3. The first paragraph in the General Office discussion section on page 21 of D.03-02-030 is amended to read as follows:

CalAm's general office expenses are typically presented for Commission examination every three years with its Monterey Division GRC. After determining the allowable general office expenses and investments, the results are then spread to all of the affected operating districts as expense amounts. CalAm and ORA agree on many general office figures; their remaining differences are explained here. The general office allocations are shown in Appendix E. The general office expenses are shown in Appendix F.

The total general office expenses and allocations are shown in Appendix G.

4. Application 02-04-022 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

## **ATTACHMENT 1**

**APPENDIX E:** General Office Allocations

**APPENDIX F:** General Office Expenses

**APPENDIX G:** Total General Office Expenses and Allocations